DOCUMENT RESUME

ED 430 618 JC 990 296

AUTHOR	Rudolph, John; Barnaart, Antoine; Smith, Mike
TITLE	Entrepreneurial Aussies--Success in Tough Times.
INSTITUTION	Victoria Univ. of Tech., Melbourne (Australia).
PUB DATE	1999-03-00
NOTE	10p.; Paper presented at the Annual International Conference for Community and Technical College Chairs, Deans, and Other Organizational Leaders (84th, Long Beach, CA, March 3-6, 1999).
PUB TYPE	Reports - Descriptive (141) -- Speeches/Meeting Papers (150)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	*Business Administration Education; *Community Colleges; Demography; Entrepreneurship; Financial Support; Foreign Countries; Job Skills; *Job Training; Labor Force Development; Needs Assessment; *School Business Relationship; *Technical Education; Two Year Colleges; *Vocational Education
IDENTIFIERS	Northern Territory University (Australia); Victoria University of Technology (Australia)

ABSTRACT

This presentation describes the entrepreneurial and intrapreneurial strategies being adopted by two Technical and Further Education (TAFE) institutions in Australia, Northern Territory University and the Victoria University of Technology. The similarities are stressed between TAFE institutions, North American community and technical colleges, and Europe's vocational colleges, all of which meet the specific needs of industry, business, and the community. In addition, all three of these systems are currently facing funding cuts from government agencies; government-initiated policy changes; greater competition from both the public and private sector; and demographic shifts that are changing the composition of the student population. In response to these challenges, the TAFE institutions have taken initiatives to maximize their competitive edge in the training market. Some of the entrepreneurial strategies adopted are: (1) establishing strategic alliances with key partners; (2) designing and delivering flexible training packages; (3) identifying industries where little structured vocational training has been implemented; and (4) delivering training services to clients off-shore. In addition, some intrapreneurial strategies have been designed and implemented to put each organization on a more business-like footing, including budgeting for staff development programs, investing in high-quality equipment, and building "live work" simulations into training programs. The authors conclude that the implementation of these business-like practices have had significant short-term benefits in terms of enhanced budgets, physical resources, and staff skills. (CAK)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 430 618

Entrepreneurial Aussies—Success in Tough Times

John Rudolph, Antoine Barnaart, and Mike Smith

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☒ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

J. Rudolph

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

1

JC990296

BEST COPY AVAILABLE

The Entrepreneurial Aussies:

Success in Tough Times

**JOHN RUDOLPH - DEPUTY DIRECTOR TAFE –
VICTORIA UNIVERSITY OF TECHNOLOGY**

John Rudolph has been the Deputy Director in TAFE for the past 8 years and has responsibility for a wide range of programs and initiatives, including the development of new business activities in the Institute's Business, Personal Services, Engineering and Hospitality programs, as well as International Education Projects and Programs. He is currently working at building partnerships between local enterprises and a new high tech campus of the Institute.

**MICHAEL SMITH – EXECUTIVE GENERAL MANAGER RESOURCES
VICTORIA UNIVERSITY OF TECHNOLOGY**

Mike was the Director of a major TAFE institution for 8 years until mid-1998. In that period he successfully managed mergers with two other TAFEs and then with a University. At the same time, he brought the recently merged organisations from financial difficulty to profitability.

He is now the principal officer of the Resources Division of a large multi-sector University of technology – with responsibilities including finance, facilities, human resources and business development.

**ANTOINE BARNAART – PRO VICE CHANCELLOR (VOCATIONAL
EDUCATION AND TRAINING)
NORTHERN TERRITORY UNIVERSITY**

Antoine is Pro Vice Chancellor at the Northern Territory University (NTU), a position he has held for the past two and a half years. In this role, he has corporate responsibility for all vocational education & training (TAFE) activities and international activities at the University. Prior to this senior management appointment Antoine was the Associate Dean/Head of Department of the School of Horticulture and Landcare Studies for nine years. He was awarded the Northern Territory University's inaugural Excellence in Teaching Award in special recognition of his achievements in designing and delivering customised training programs for both private and government sector clients.

JC 990216

THE ENTREPRENEURIAL AUSSIES

SUCCESS IN TOUGH TIMES

BACKGROUND

In opening, let us begin by grounding some of the similarities and differences between our two education systems and the two key institutions to be discussed throughout this paper. Firstly, the term Technical and Further Education, commonly referred to by the acronym 'TAFE' by Australians, describes a sector of the Australian education system that deals with the delivery of education and training services to meet the specific needs of industry, business and the community. To offer a comparison, TAFE institutions are to Australia what the community and technical college system is to North America. One significant difference, however, is that all formal courses offered by TAFE institutions in Australia are based on state-wide or nationally agreed curriculum; all courses are nationally accredited, and all courses offer a credential as a formal recognition of the satisfactory completion of training. Furthermore, all the elements (curriculum, accredited courses and credentials) are offered within a consistent national framework.

In framing the context of the two Australian institutions - the TAFE Division of the Victoria University of Technology and the Northern Territory University - while all the above criteria of the national training market apply to both, each institution works within its own particular set of geographic, demographic, environmental and market conditions. These two organisations are now briefly described.

The TAFE Division of the Victoria University of Technology (VUT) comprises one discrete portion of a large University structure, which deals with the delivery of higher education and vocational education and training products and services. As an entity, the TAFE Division is one of the largest TAFE institutions in Australia. It has over 35,000 student enrolments per annum, with the majority of these students studying on a part-time basis. As an employer, the TAFE Division employs in excess of 1200 staff, including part-time and sessional staff. Its chief catchment area comprises nearly one third of the Melbourne Metropolitan region and has a population in excess of 700,000.

Spread across nine major campuses, plus some smaller annexes, the TAFE Division delivers into both the statewide and national education and training arena. As an institution, it enjoys a reputation locally and nationally, as a provider of quality education and training, particularly in the areas of flexible delivery and workplace training. The TAFE Division of VUT is also a state and national leader in the management of curriculum projects including the production of quality curriculum materials and learning packages.

Contrast this with the Northern Territory University (NTU), which is one of the smaller providers of tertiary education in Australia. Located in Darwin, the capital of the Northern Territory, the NTU has fully integrated the delivery of its Vocational Education and Training (TAFE) services across its University structure. Like the Victoria University of Technology, the NTU is dedicated to the provision of teaching, training and research in both the Higher Education and the Vocational Education and Training (TAFE) sectors.

NTU serves the needs of the Northern Territory's population of 180,000, which is spread over 18% of the land area of Australia. To give the reader some perspective, this landmass represents an area that is twice the size of Texas. The Northern Territory's population base, by contrast, accounts for just over 1% of Australia's total population. Indigenous Australians make up 27% of Territorians, with a further 20% of all Territorians having been born overseas.

The NTU has over 12,000 students studying at any of its three Darwin campuses and three regional centres - with each of these centres located in some of the most remote parts of Australia. Combined together, these characteristics provide a unique set of challenges to the delivery of education and training services to Territorians that comprise distance, remoteness, increased program delivery costs and a "thin" training market.

NTU has achieved outstanding success in securing substantial research funds and grants from the most prestigious and competitive sources available to any of our universities. It has produced national award winning TAFE students in the consecutive years of 1997 and 1998 even though only four national student awards are presented each year. This success has been essential in ensuring that the NTU remains viable and competitive in a very uncertain market.

INTRODUCTION

Community Colleges in the USA and Canada, Vocational Colleges in Europe and Technical and Further Education (TAFE) institutions in Australia face many similar challenges. Challenges include: cuts in funds from public funding bodies; policy initiatives and changes initiated by State and Federal Governments; a demand for greater training outputs with fewer funds; provision of more specific training geared to client needs (especially industrial and commercial clients); greater competition between public and private providers of training; and in many cases, demographic shifts which have led to falling numbers of school leavers and other traditional sources of students. A challenge of the late 1990s is to find ways of growing the organisation in a shrinking traditional market.

A strong emphasis on organisational and cultural change, as well as creative entrepreneurial ventures have been important strategies for success in TAFE.

Entrepreneurial organisations, just like individual entrepreneurs, have the ability to perceive market opportunities, assess their merits, act upon them effectively, succeed with most of them (especially the major opportunities), and know when to quit. This mode of operation has become a feature of TAFE in the late 90s..

In recent years, the most innovative TAFE institutions have taken initiatives to maximise their competitive edge in the training market. They have developed strong links with industry and enterprises through cooperative ventures resulting in the delivery of a wide range of innovative, customised, flexibly delivered programs to some of Australia's leading enterprises. They have also vigorously pursued offshore training opportunities through partnerships and strategic alliances with other educational and training institutions and sectors.

ENTREPRENEURIAL STRATEGIES

Successful TAFEs have reviewed the major strengths of their institution and the current and potential opportunities, and have decided to build on the most effective of their core activities. These include developing high level skills in designing and delivering flexible training courses, packages and services, and a capacity to identify industries where little structured vocational training has been implemented.

To enhance the likelihood of success, TAFE has sought to establish strategic alliances with key partners in these new ventures. What has been recognised is that some of the greatest opportunities for expanding our more traditional vocational programs lie off-shore, particularly in South East Asia. A vigorous marketing strategy has ensured growth in numbers of fee paying students and vocational services and products we contribute to the market, despite the so-called Asian economic melt-down.

To achieve this aim, TAFE has identified as a major challenge the need to generate a more entrepreneurial and business-like culture in its staff and this has been tackled through several related strategies.

At both Victoria University of Technology (VUT) and Northern Territory University (NTU), at the senior management level, each manager is required to prepare an annual Strategic Management Plan which includes both business and marketing targets designed to enhance current activities and to identify opportunities for growth and change. At VUT, annual performance bonuses are available and paid to reflect the relative success of each manager against their targets.

Teaching schools have been encouraged to implement strategies such as the appointment of teaching school-based consultants, whose role has been to identify and generate new training opportunities on a profitable basis. More recently, departments/units have been encouraged to identify and manage their own entrepreneurial activities on a case-by-case basis, using all relevant staff and utilising consultants only where their specific skills have been needed. This has been important in breaking down perceptions that entrepreneurial activity is a separate function from more traditional teaching activities.

Within the TAFE Division of VUT, many teaching departments have achieved considerable success by negotiating with enterprises to conduct course modules in the workplace using the institution's government funded program profile. Teachers have made use of flexible teaching and on-the-job coaching strategies; teachers have worked to industry hours and conditions (some teachers have clocked on at 11 pm with the night shift); teachers have worked interstate and they have made extensive use of recognition-of-prior-learning (RPL) and skills assessment strategies. Firms in the automotive sector such as Toyota and General-Motors have been keen users of these strategies, as have major waterfront container-handling enterprises, chemical firms and retail enterprises.

At NTU, successful negotiation with the Teaching Unions has resulted in staff agreeing to significant changes to work practices such as working five days in seven rather than strictly Monday to Friday, spreading their teaching hours over a greater period of the year and also moving to meeting the needs of business and industry by taking training to the workplace. Commensurate with these changes, the University is now fully operational for fifty weeks of the year.

A major spin-off to both training organisations has been that on the basis of these successful ventures, business enterprises have approached TAFE to conduct various kinds of fee-for-service activities, thereby returning an enhanced income stream.

In both situations, the governing Councils of the TAFE Division of VUT and NTU have supported these strategies with the implementation of Initiative Funds, whereby departments are able to apply for seeding funds to underwrite new ventures. Seed funds are repaid to the organisation, consistent with an approved Business Plan. A number of training materials/products have been successfully developed and marketed through funds supplied through this funding initiative.

Further to developing new or customised products, TAFE has used a strategic approach to identify a wide range of specific opportunities to expand its client base and its fee-for-service opportunities. One strategy has been the direct delivery of training services or products to clients on-shore and off-shore. Some of the other activities include: training or specialist consultancies developed directly for enterprises (and mostly conducted within those enterprises); provision of generally-advertised short courses; trade and license testing; development of curriculum and training packages; conduct of professional development programs for industry and TAFE-sector clients. Fee-paying overseas students, especially from South East Asia, have continued to be an important initial thrust.

Another strategy has been to enter into partnerships and/or strategic alliances with other training providers, including other TAFE institutes, Universities and private providers, to deliver training services and products, particularly for overseas clients. For example, the VUT TAFE Division is currently conducting training for business education students in Shanghai in partnership with a local Chinese technology university. This venture has been very successful and is currently being extended to other locations in China. The TAFE Division also worked together with a major hotel chain in South East Asia to provide in-house training in Cambodia.

The NTU has also developed a number of key partnerships in Malaysia, southern India, China and Papua New Guinea. Many of these partnerships are with private providers of training, which means the University has to approach these operations on a purely commercial footing. The Malaysian partnership with Kolej TAFE, a private TAFE College, has been very successful with over 1500 students graduating in technical programs over the last four years. Because of the dual sector nature of NTU it has been able to build on this operation to jointly deliver undergraduate and post graduate degrees.

These types of activities involve staff living and working off-shore and provide outstanding opportunities for staff to extend and refresh their professional and personal skills, as well as generate income and further related business for the Institute. In the case of NTU, many education and training services are delivered by staff on a fly in, fly out basis.

Within the Victorian context, the service sector and in particular the sports and leisure industries, both in Australia and off-shore, have been identified as areas of potential growth. TAFE has identified specialist and niche markets, with the football and horse racing industries as having a need for formal training, but with very little current provision in such areas as event management, hospitality services, coaching skills as well as language skills for overseas clients.

The VUT TAFE Division played an important role in the establishment of International Training Australia (ITA), which is a consortium of Victorian TAFE and other providers of vocational education and training services and products to the international market, with a specific brief for the Asian region.

In developing their first major link with North America, both Universities entered into agreements with The Academy (USA) to jointly customise and conduct the highly successful Leadership Institute program in Australia. Five programs have been completed (four in Ballarat and one in the Northern Territory's Kakadu National Park), with over two hundred and fifty (250) people graduating. A number of Americans have undertaken this program in Australia and benefited significantly from the professional interchanges.

Within Australia, both institutions have taken the initiative and established a number of consortia to successfully bid for major curriculum and staff development projects. These consortia have included other TAFE Institutes (potential competitors are also potential allies), private providers, companies and universities.

SOME INTRAPRENEURIAL STRATEGIES

At each University, a number of strategies have been designed and implemented to put each organisation on a more business-like footing. In preparing costings for the delivery of services or products to clients on a commercial basis, staff use computer-generated guidelines which make provision for a return both to the organisation as a whole, as well as to the work units responsible for the business. A percentage of any profit is retained by these work units (departments, centres) for such purposes as enhanced staff development, or the purchase of specialised equipment or materials.

In a number of vocational training areas, "live work" has been built into the curriculum to simulate conditions in the workplace. Income is generated on a cost-recovery plus profit basis. At VUT for example, the apprentice carpenters construct modular home units in a large building barn. These are sold on completion and transported on low-loaders to the clients' sites. The hairdressing trainees operate training salons where the general public can have hair cuts at a basic fee. Trainee cooks, waiters and catering staff operate a popular training restaurant which returns a profit.

At VUT, a new TAFE Convention Centre has operated both as a training facility for hospitality students, and as a fee-for-service convention centre for industry and community clients. A three-year Business Plan has helped shape the directions of this Centre. Similar initiatives have been built into the infrastructure and operations of the NTU.

At both institutions, service areas such as the Printing Services Unit have been placed on a commercial basis for both internal purposes and also for external clients. The use of high quality leased equipment has provided an additional incentive to produce industry-standard work on a profitable basis.

Leasing rather than direct purchase has been implemented for a number of personal computers, for the organisation's vehicle fleet and for the heavy vehicle/earthmoving equipment used at the industrial/construction skills training centre.

Where individual staff wish to conduct a private business activity in their own time, they are expected to obtain the formal permission of senior management, so that there is no conflict of interest with the organisation's overall broad business priorities.

Just as important as these tangible outcomes is the feeling of confidence expressed across each institution. Both organisations have developed, in a short period of time, a clear and strategic sense of where they are heading. Furthermore, each organisation has developed a well-deserved and hard-earned reputation that it has the human and physical resources to continue to grow its business within a very competitive training market. To support and progress this work, both institutions have developed and are implementing comprehensive marketing and public relations campaigns to bolster internal and external perceptions of their organisations. These activities include the conduct of corporate activities underwritten and sponsored by major suppliers and commercial partners, as well as the publication of newsletters circulated to current and potential clients, designed to show-case success stories and to outline opportunities.

A RECENT STRUCTURAL CHANGE

For 1999, a new organisational unit has been formed at VUT under the leadership of a new Director - Business Operations.

Its charter is to coordinate some significant current activities and put them on an even more business-like footing – these include the organisation's own retail outlets, Convention Centre, student accommodation, printing, bookshops, real estate services and parking.

FINDINGS FROM THE PAST AND CHALLENGES FOR THE FUTURE

An entrepreneurial and intrapreneurial culture and performance demands a consistent and demonstrated leadership at all levels. The Leaders of both organisations have made a strong point of being actively involved in networking new clients and partners, encouraging their senior managers to network and identify business opportunities and to be directly engaged in projects and setting challenging and measurable targets for internal business efficiencies and external business development.

Bureaucratic constraints on entrepreneurial activity have been vigilantly identified and challenged, whether these be restrictions on overseas travel for business purposes, or attempts by Government agencies to impose common costing schedules. Some other TAFE institutes have expressed a concern that Government funds may be steadily withdrawn if they are successful and demonstrate a capacity to "stand on their own".

In writing about strategies to minimise bureaucratic restraints within an organisation, Flavel and Williams (1996) recommended that entrepreneurship and innovation functions should be separated from the mainstream functions responsible for "today's" business, and that they should not report to a middle level manager responsible for achieving "today's" targets and resolving "today's" problems. Rather, these functions must report to the highest levels of management and often be assessed over longer periods, due to the longer

time horizon of venture activities. This latter recommendation is consistent with TAFE's experiences.

A number of teaching areas have articulated their fears that the need for an emphasis on price and cost-effectiveness could lead to a cut in quality or in traditional educational values, whilst others have concerns that the increasing focus on competitive marketing will lead to secretiveness and a drop in cooperation between staff in different TAFE institutes.

A second issue is whether or not to establish a separate private company to manage all or most of the fee-for-service activities. Within the Australian scenarios being described, both institutions have firmly asserted that it is best for profitable fee-for-service activity to be seen as an integral part of the role of the activities and culture of all parts of the organisation.

A further frustration has been where client enterprises have not been able to clearly and accurately define and articulate their training and development needs. Some enterprises have shown little or no commitment to the use of the TAFE sector to meet their needs, preferring to use private sector services, even where these have been demonstrably less effective.

CONCLUSION

The planned implementation of business-like entrepreneurial and intrapreneurial practices in TAFE by Directors who have modelled an entrepreneurial style strongly and who have been supported by the Senior Management Team, has had significant short term benefits in terms of enhanced budgets, physical resources and staff skills, as well as the longer-term benefit of a clear direction for the organisation and confirmation of its viability in an increasingly competitive training market.

John Rudolph **Michael Smith** **Antoine Barnaart**

21/1/99
JR:KD
jr\reports\01